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THE GRAIN SITUATION IN ARGENTINA

Ottawa, July 13, 1940.- The correspondent of the Dominion Bureau of Statistics in Buenos Aires has forwarded the following report, under date of July 4, 1940, dealing with the grain situation in Argentina.

Second Official Estimate of Maize Crop

The second official calculation of the maize crop, recently published, forecasts a production of 418,878,000 bushels, which is a reduction of 15,275,000 bushels, or 2.8 per cent from the first forecast of 434,153,000 bushels.

According to the official memorandum, the reduction is due to the increased area of the planted crop to be used for pasturage because of the low quotations for the shelled grain, which would not reimburse the costs of harvesting.

It is added that the decrease in volume would have been still greater but for the exceptional yields secured in Cordoba and parts of Santa Fe.

Crop Conditions

Weather conditions during the month of June were very unsatisfactory for the grain producer. Temperatures were unseasonably mild, and there was an almost entire absence of frost. Rains were frequent and abundant, causing large tracts of low lying land to be inundated. Wheat seeding was delayed, and the anticipated increase in acreage may not now be realized. Planting of linseed also was held up in some of the most productive zones, but as this crop can be put in much later than can wheat, the delay is not serious as yet. The gathering and conditioning of the maize crop has been interfered with, and there may be further losses in the standing crop.

The great need now is for a spell of cold and dry weather.

Below are reproduced the contents of the official government report on crop conditions in the Republic, which made its appearance this morning.

The abundance and frequency of the rains during June were unfavourable for agriculture, and to a certain extent also for live stock, especially in the south-east of Buenos Aires, where inundation of the fields made it necessary to move animals to other districts.

Picking and shelling of maize was delayed, with deterioration of the grain and the definite loss of many fields in the centre and south of Buenos Aires.

Work on the land in preparation for the new crops of cereals was made difficult, particularly in the coastal area. In the centre conditions were better owing to the lighter rainfall and also to the lighter and sandier soils.

In the south-east of Buenos Aires work on the land was practically stopped. In the north of the same province it was slowed up, but the delay is not yet serious, and in the west ploughing was finished under conditions which may be described as from good to very good.

In Santa Fe and Cordoba cultivation for the wheat crop is virtually finished, and ploughing for linseed is proceeding.

The condition of the wheat fields already growing is considered generally good, although some cold and dry weather is needed to stimulate development of the roots, as also to permit completion of seeding in districts where this has been interrupted.

For lack of seed and also for fear of green aphis, which is very prevalent in the north, there is little interest amongst the farmers of Santa Fe, Cordoba and Entre Rios to increase the wheat area.

The condition of the growing fields is good to excellent in western Buenos Aires and the Pampa, which embraces the greater part of the area that will be planted this season.

In Santa Fe and Cordoba planting of linseed has begun, and the fields which have germinated look well. In the remainder of the country only isolated fields have been planted.

Gathering of maize is well advanced in the provinces of Santa Fe and Entre Rios and in the north of Cordoba, for which reason the excessive June rains have not been so damaging. In the central zone and southern Buenos Aires harvesting was stopped. Everywhere the rains and low prices of the grain have slowed up the work of shelling.

The last yields of maize checked do not greatly change the estimate of the volume of the crop, as the greatest damage caused by the rains and floods was in zones where low yields had been foreseen. In the centre and south of Buenos Aires it is expected that a high proportion of the planted area will not be harvested but will be devoted to pasturing stock, in view of the low yields and deficient quality.

Supplies and Markets

Wheat: Although wheat shipments fell off in June as compared with the preceding month, the volume was very satisfactory under existing conditions. Exports were 15,392,000 bushels of wheat and 30,000 bushels of flour in terms of wheat, a combined total of 15,422,000 bushels, as against 18,920,000 bushels in May and 15,013,000 bushels in April.

The current statistical position is now as shown below:

Third official estimate 1939-40 crop		119,452,000	bushels
Carry-over from 1938-39 crop		68,566,000	"
Total supplies		188,018,000	"
Deduct for seed and domestic needs		101,044,000	"
Surplus available for export		86,974,000	"
Shipments) Wheat	81,799,000 bushels		
to June 30) Wheat as flour.	407,000 "	82,206,000	"
Balance still available		4,768,000	"

The above figures have official statistics as their basis, but some experienced grain men continue to hold the view that production has been greater than officially calculated. A recent announcement of the Department of Agriculture indicates that a special investigation of wheat stocks is being made, the result of which will be announced at an early date.

Even assuming that it be found that stocks are greater than has been supposed, it is unlikely that they will prove big enough to be embarrassing. Any reasonable quantity will easily be absorbed by Brazil and other neighbouring countries.

It is understood that there are still only about 1,100,000 bushels of old crop wheat remaining in the hands of the official Board as yet unsold. The rest of its stocks have been sold, even though not yet shipped. Both the British and Spanish Governments have some cargoes still to take away.

Some small stocks of wheat still remain in the hands of the farmers, but it is understood to be inferior grain of light weight.

Market conditions during June were very difficult. Late in May the Government in order to combat the excessive speculation then in vogue fixed minimum prices. These, however, soon proved to be above world values, and as no provision had been made for the Government to purchase grain at the fixed minima, business on the exchanges became practically paralyzed. Towards the end of June, apparently unlooked for, a rise in prices took place which quickly carried wheat beyond the pegged level and made it relatively higher than the Winnipeg quotations. The change was ascribed to various causes, the principal one being a sudden realization of the smallness of the stocks remaining in the country.

The British official buying authority made a number of purchases during the month, but dropped out of the market when the rise in prices came.

At the close of the month Spot wheat was 9.15 pesos per 100 kilos, equal to 74 1/4 cents United States per bushel at current official exchange rates; July 9.30 (75 1/2 cents); and September 9.65 (78 1/4 cents per bushel); while in Winnipeg the October option closed at 73 5/8 cents.

Maize: Maize shipments in June dropped to half those of the preceding month. 6,619,000 bushels moved out, as against 12,993,000 in May. The very unfavourable weather for loading maize was probably an important factor in this.

On the basis of the new official estimate of the volume of the crop the following is now the supply position:

Second official estimate 1939-40 crop	418,878,000	bushels
Loss seed and domestic requirements	98,421,000	"
Surplus available for export	320,457,000	"
Shipments April 1, 1940 to June 30, 1940	32,237,000	"
Balance still available	288,220,000	"

Market conditions are becoming increasingly difficult, with some of the best customers for Argentine maize now under German domination and the British blockade accordingly extended. Countries which normally import over one-half of the Argentine surplus are now inaccessible.

The United Kingdom was the principal purchaser during the month, but the total quantity was unimportant. Tempted by the low prices, Canada bought a number of cargoes, as did also some of the western United States. But the market was far from active. Offerings from the farmers are unusually small, which is attributable to weather conditions and the unattractive prices which are current.

Marketing difficulties for the big maize surplus are being studied in official circles, but so far the only measure which appears to offer prospects is the use of the corn for fuel in substitution for the coal which is normally obtained from Great Britain but is now difficult to secure for lack of shipping facilities.

The railways are among the biggest users of coal in the Republic, and they are the most frequently mentioned as prospective burners of corn as a substitute, but no great enthusiasm is visible on their part, the detrimental effect on the boiler tubes being a serious objection. However, with the low price of corn and the increasingly high prices of coal in the Argentine, there is every encouragement to make a thorough study of the situation in the hope of discovering a feasible solution.

There was little change in prices during the month, and at the close Spot maize was quoted at 4.15 pesos per 100 kilos, equal to 31 3/8 cents United States per bushel; the July option 4.24 (32 cents); and September 4.50 (34 cents per bushel). On the same day in Chicago September corn closed at 59 1/4 cents.

Linseed: Shipments were very small, only 1,255,000 bushels moving out, as compared with 3,207,000 bushels in the preceding month. This leaves the supply position as shown below:

Third official estimate 1939-40 crop	39,935,000	bushels
Exports prior to January 1, 1940	197,000	"
Stocks as at January 1, 1940	39,738,000	"
Deduct for seed and domestic needs	7,874,000	"
Exportable surplus	31,864,000	"
Shipments to end of June	26,382,000	"
Balance still available	5,482,000	"

Although Argentine stocks are small, there is apparently no export demand for the present, and very few transactions took place during the month, so that the minimum price fixed by the Government (15.11) remained the nominal value throughout June.

The cargoes of seed bought by France, Belgium and Holland were sent to British ports, and have presumably filled up that market for the present, and no other is in sight.

Transactions have been very few in the Futures market. There is a considerable quantity of linseed hedged in the market, but as the sellers cannot make sales in Europe they are unwilling to repurchase their hedges.

The future course appears to be entirely dependent upon the war. Meanwhile, Canada is said to have considerably increased her linseed acreage, so that the Imperial Preference may make some inroads upon Argentine sales in that important market, the United Kingdom, next season.

Spot linseed at the close of the month was at the pegged level of 15.11, equivalent to 114 1/4 cents United States per bushel; and the September option 15.45 (116 3/4 cents). On the same day September seed closed in Duluth at 160 cents.

Oats.- June shipments of oats were 707,000 bushels, little more than half those of May (1,317,000 bushels).

The statistical position is now as set out below:

Third official estimate 1939-40 crop	56,581,000	bushels.
Carry-over from 1938-39 crop	1,106,000	"
Total supplies	57,687,000	"
Less seed and domestic requirements	29,827,000	"
Exportable surplus	27,860,000	"
Shipments to end of June	14,160,000	"
Balance still available	13,700,000	"

There was a good domestic demand, which constituted almost the only business during the month, as export demand was practically non-existent.

Shipments during the month were in fulfilment of contracts entered into in March and April with countries now closed to further business.

Owing to the local demand, the price level of oats was maintained, the month closing with export grain quoted at 4.95 pesos per quintal, and Superior oats for the domestic market 6.40, as against 6. at the end of May.

Barley.- Exports were 436,000 bushels, a considerable drop from those of May, which totalled 3,230,000 bushels. The supply position is now as appears hereunder:

Third official estimate 1939-40 crop	39,091,000	bushels
Disappearance prior to January 1	500,000	"
Supplies as at January 1, 1940	38,591,000	"
Deduct for seed and domestic needs	16,075,000	"
Surplus for export	22,516,000	"
Shipments to June 30	17,761,000	"
Balance still available	4,755,000	"

Practically no demand exists, either local or for shipment, and business during the month was very dead. Prices offered were lower but there was little disposition to sell in view of the moderate stocks on hand and the year only half gone.

Quotations for export were purely nominal. In the local market the best grade of malting barley was worth 4.35 pesos per 100 kilos, and the best feed 3.95.

Rye.- Shipments were 303,000 bushels, as against 965,000 bushels in May. The statistical position is as below:-

Third official estimate 1939-40 crop	13,582,000 bushels
Seed and domestic consumption	3,740,000 "
Exportable balance	9,842,000 "
Disappearance prior to January 1	104,000 "
Surplus as at January 1, 1940	9,738,000 "
Shipments to June 30	6,202,000 "
Balance still on hand	3,536,000 "

What has been said above with regard to the barley market is equally applicable to rye.

Prices are so out of line with those of wheat that there is no temptation to the producers to sell their grain, and for the present they are content to hold.

For good rye 3.80 is offered, and for superior quality 4.00 pesos per 100 kilos, for the local market.

Grain Exports during 1939

Below are reproduced the particulars of Argentine exports of wheat, wheat flour, linseed and maize, with the final destinations so far as obtainable, for the year 1939. The information was kindly supplied by the Director General of National Statistics.

Destinations	Wheat (bushels)	Wheat Flour
United Kingdom	60,499,000	596,000
British African Possessions	15,000	-
British Central American Possessions	-	150
British European Possessions	-	220
Belgium	21,185,000	11,000
Bolivia	1,248,000	234,000
Brazil	36,470,000	608,000
Cuba	40	-
Chile	660	169,000
Denmark	230,000	110
Finland	438,000	620
France	240,000	34,000
Greece	4,810,000	12,400
Germany	1,727,000	180
Hungary	-	440
Italy	3,134,000	266,000
Irish Free State	1,976,000	-
Japan	-	110
Latvia	-	40
Norway	4,551,000	1,700
Netherlands	10,925,000	88,000
Palestine	108,000	40
Panama	-	1,100
Paraguay	445,000	565,000
Peru	4,648,000	-
Poland	-	1,500
Portugal	588,000	660
Portuguese Africa	11,000	-
Roumania	-	330
Spain	14,058,000	8,200
Spanish African Possessions	766,000	156,000
Sweden	233,000	1,800
Switzerland	3,474,000	87,000
Union of South Africa	36,000	-
United States of America	52,000	762,000
Uruguay	4,600	2,500
Venezuela	-	260
Yugoslavia	-	770
Destinations Unknown and Lost Cargoes ...	2,472,000	18,600
For orders	37,000	-
T o t a l s	174,331,300	3,627,730

Destinations	Linseed	Maize
	(bushels)	
United Kingdom	3,608,000	44,820,000
British Central America	1,100	79,000
Australia	222,000	-
Belgium	3,477,000	20,995,000
Bolivia	800	600
Brazil	320,000	40
Canada	1,607,000	-
Chile	59,000	63,000
Czechoslovakia	224,000	-
Denmark	754,000	3,535,000
Finland	259,000	1,014,000
France	5,060,000	522,000
French Africa	-	40
Germany	2,502,000	7,161,000
Greece	-	400
Irish Free State	26,000	9,442,000
Italy	665,000	4,621,000
Jugoslavia	223,000	9,800
Mexico	-	50,000
Netherlands	11,405,000	21,789,000
Netherlands Central America	1,000	9,300
Norway	668,000	4,374,000
Paraguay	160	350
Portugal	156,000	-
Portuguese Africa	22,000	-
Spain	51,000	225,000
Spanish Africa	-	1,589,000
Sweden	2,088,000	1,927,000
Switzerland	107,000	1,517,000
Union of South Africa	4,400	-
United States of America	12,939,000	77,000
Uruguay	160	2,900
Venezuela	-	255,000
Unknown Destinations and Lost Cargoes .	130,000	1,747,000
T o t a l s	46,579,600	125,825,400